

HEALTHY WISCONSIN COUNCIL OVERVIEW OF STATE REINSURANCE PROGRAMS

		HEALTHCARE GROUP OF ARIZONA (HCG)	HEALTHY NEW YORK (HNY)
	Goal	Reduce the number of uninsured by providing innovative, affordable healthcare coverage options to small businesses and political subdivisions.	Provide health insurance to previously uninsured small businesses and employees.
Population	Target	Small employers (<50), self-employed, political subdivisions	Small employers (<50), sole proprietors and individuals
	Eligibility Requirements	<ul style="list-style-type: none"> No income criteria. For employers to qualify, 80% of employees (for employers with 6+ employees) or 100% of employees (for employers with fewer than 5 employees) must participate. No limits on previous insurance coverage or access. No employer contribution required. 	<ul style="list-style-type: none"> Employers must contribute at least half the premium, 30% of employees must earn under \$34,000/yr. (adjusted annually), employer must not have offered comprehensive health insurance in the past year, and at least 50% of employees must participate including 1 earning less than \$34,000. Sole proprietors and individuals must earn less than 250% FPL. Individual workers cannot have had access to employer-based coverage in the past year and are not eligible for Medicare.
	Enrollment	<ul style="list-style-type: none"> December 2004, 12,438 lives April 2006, 20,118 lives in 6,907 businesses 93% are in groups with 3 or fewer employees 49 individuals 125 public employees 	<ul style="list-style-type: none"> October 2005, 102,500 active enrollees with 7,000 new enrollees per month. 56.6% working individuals, 18% sole proprietors, and 25.4% small groups.
Structure	Health Benefit Package	<ul style="list-style-type: none"> Modified community-rating (county, gender, age). Guaranteed issue. Cafeteria-style choices offered by HMOs and PPO. Packages designed to hit target "price points" for affordability and offer range of options. Optional dental and vision plans. 	<ul style="list-style-type: none"> All HMOs in state must offer plan. Community-rated, guaranteed issue. Single defined benefit plan, fairly limited. Optional pharmacy plan.
	Reinsurance	<ul style="list-style-type: none"> Aggregate stop-loss guarantees insurers medical loss ratio of 80-86%. Excess-of-loss covered at \$50,000 per case through HCG and over \$100,000 by commercial reinsurance plan purchased by HCG. 	<ul style="list-style-type: none"> Excess-of-loss coverage reimburses insurers for 90% of claims between \$5,000 and \$75,000.
	Administration	Operated by the state's Medicaid agency, AHCCCS. Current director is former insurance executive.	Operated by the NY State Department of Insurance.
Funding	Funding	<ul style="list-style-type: none"> Reinsurance coverage funded through portion of premium payments. No premium subsidy. Premiums are set through contracts with HCG. 	<ul style="list-style-type: none"> Funded with Tobacco Settlement Fund and tobacco taxes. Premiums are set by the HMO. Healthy NY no longer has approval authority over the rates.
	Subsidy	<ul style="list-style-type: none"> First subsidized by the state in 2000 with general revenues of \$8 million/yr. In 2004 and 2005, the state subsidy was cut to \$4 million/yr. No state subsidy in 2006. 	<ul style="list-style-type: none"> Funding levels: \$89 million in 2003, \$49 million in 2004, \$69 million in 2005, \$110 million in 2006, and \$85 million in 2007. Unused allotment carries over to subsequent years. The stop loss reimbursement for 2004 is projected to be \$38 million.
	High-risk pool?	No high-risk pool.	No high-risk pool.
	Outcome	<ul style="list-style-type: none"> After implementation in 1986, the HCG small employer pool faced annual cost increases of up to 17% until the reinsurance component was implemented in 2000 with a state subsidy. Recent growth in the pool has allowed it to become self-sufficient and is attributed to tailoring benefits to meet specific price points and offering a range of plans designed to meet business preferences. 	<ul style="list-style-type: none"> When implemented in 2001, the risk-sharing corridor was set at \$30,000 to \$100,000 but lowered in 2003 due to low claims activity. In 2001, HNY premiums were half that of individuals in the direct-pay individual market and 15-30% lower than premiums for small firms. HNY premiums declined 6% in 2002 and 17% in 2003 when the reinsurance layer was lowered. In 2004, HNY premiums are 40% lower than the average small group HMO premium in New York City and 66% lower than the self-pay individual market premium.

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		CONNECTICUT SMALL EMPLOYER HEALTH REINSURANCE POOL	NEW MEXICO HEALTH INSURANCE ALLIANCE (HIA)
	Goal		Increase access to voluntary health insurance for small businesses, the self-employed and qualified individuals.
Population	Target	Small group market (2-50) and self-employed	Small employers (1-50 employees working more than 20 hours/wk), self-employed and individuals who have involuntarily lost coverage
	Eligibility Requirements	<ul style="list-style-type: none"> Permanent employees working at least 30 hours per week and their dependents. 	<ul style="list-style-type: none"> No employer contribution required. At least half of eligible employees must participate.
	Enrollment	In October 2004, 3,116 lives were reinsured.	<ul style="list-style-type: none"> Has been as high as 8,800 but has fallen to 4,000 by July 2004. 69% small group, 31% individual
Structure	Health Benefit Package	<ul style="list-style-type: none"> All small-group insurers are required to guarantee issue coverage to groups up to 50 people. Modified community rating. The insurer may purchase reinsurance for an individual, a dependent or the entire group within 60 days of issuing coverage. Insurers have an option to reinsure groups of 1-2 people 3 years after initial issuance. 	<ul style="list-style-type: none"> Guaranteed issue through 11 contracted insurers A statutory change in 2005 allows HIA to custom design a product for each small employer based on employee demographics through coordination with other state health insurance programs. Benefits are similar to a comprehensive commercial plan with a \$100,000 annual benefit limit 63% in PPO or indemnity, 37% in HMO
	Reinsurance	Excess-of-loss covers all costs over the \$5,000 deductible per reinsured life.	Aggregate stop-loss reimbursement covers the amount claims and reinsurance premiums exceed 75% of earned premium income.
	Administration	<ul style="list-style-type: none"> The pool is administered by a board representing insurance companies and small employer carriers. Pool members elect the board subject to the insurance commissioner's approval. The pool defines the health care plans for which reinsurance is provided, issues reinsurance policies, and establishes rates. 	<ul style="list-style-type: none"> HIA is an alliance of independent health insurers that operates without medical or industry underwriting. HIA coordinates enrollment and administration of the alliance products as well as other NM health insurance programs.
Funding	Funding	<ul style="list-style-type: none"> Funded by reinsurance premiums from insurers that cede risk into the pool. Premiums averaged \$4,500 per life in 2004. Losses above premium revenue and covered by an annual assessment based on their small group market share, up to 1% of their small-group premium base. 	<ul style="list-style-type: none"> Funded through an administrative fee withheld from participating insurer's gross premiums, averaging 10%. Losses in excess of premium funding trigger an assessment for health care costs on all insurance carriers in the state. The medical loss assessment was \$4.5 million in 2003.
	Subsidy	No subsidy.	No direct subsidy although HIA insurers may offset 50% of assessments against their state tax liability.
	High-risk pool?	Separate high risk pool.	NM operates a separate high-risk pool in addition to two other employer-based health insurance programs.
	Outcome	<ul style="list-style-type: none"> The first small-employer reinsurance pool in the country. The reinsurance model recommended by the National Association of Insurance Commissioners (NAIC). The pool is credited with maintaining the number of insurers in the small group market and easing the transition to modified community rating. 	<ul style="list-style-type: none"> The recent decline in HIA enrollment is attributed to the loss of community-rated HMOs, premium increases and a loss of HIA's original authority due to the implementation of HIPAA. Enrollment has begun to rebound after premiums decreased due to a structure change in 2005.

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		NEW HAMPSHIRE REINSURANCE POOL	RHODE ISLAND
	Goal	As part of health insurance reform legislation, the goal of the reinsurance pool is to preserve access to affordable coverage for as many groups as possible.	In combination with creation of an affordable health plan and cost control measures, the reinsurance subsidy is intended to stem the decline in employer-sponsored insurance.
Population	Target	Small employers	Small employers
	Eligibility Requirements		
	Enrollment		Anticipates 12,000 would qualify for subsidy. Enrollment will be capped to meet available funding.
Structure	Health Benefit Package	Insurers are required to sell a benefit package is designed to reflect the health coverage most commonly sold by small employer carriers in the state.	<ul style="list-style-type: none"> • RI is designing a standard plan intended to address the underlying drivers of health care cost increases and meet legislatively mandated, "guidelines of affordability". • Plan will be guaranteed issue with modified community rating.
	Reinsurance	<ul style="list-style-type: none"> • Excess-of-loss coverage with a \$5,000 deductible per covered life. • The insurer may purchase reinsurance for an individual, a dependent or the entire group within 60 days of issuing or renewing coverage. 	<ul style="list-style-type: none"> • Unique aggregate stop-loss design. • RI is negotiating a target medical loss ratio (MLR) with insurers in the 84-88% range. For subsidized populations, insurers will set premiums to achieve an MLR 10% higher than the negotiated target. • Insurers will be reimbursed for the difference between their actual MLR and the target, not to exceed 10%. • The state has final approval of premiums.
	Administration	Administered by a non-profit entity comprised of all health insurers in the state.	The Office of the Health Insurance Commissioner is responsible for administering the program.
Funding	Funding	Funded by reinsurance premiums and an assessment on insurers based on number of covered lives.	Subsidy only.
	Subsidy	No subsidy.	Original proposal requested \$12 million in annual subsidy funding for 12,000 enrollees but funding was eliminated in final legislation.
	High-risk pool?	Separate high-risk pool.	Developing a separate high-risk insurance pool.
	Outcome	The NH pool was implemented in January 2006 as part of greater small market health insurance reform.	The reinsurance component of a larger health insurance reform package was passed in 2006 without the funding for a subsidy. RI is currently looking for subsidy funding and designing the details of the reinsurance pool.

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		IDAHO SMALL-GROUP REINSURANCE POOL	IDAHO HIGH-RISK INDIVIDUAL REINSURANCE POOL
	Goal		
Population	Target	Small groups (2-50) and self-employed	Individuals otherwise uninsurable
	Eligibility Requirements		Enrollees must have been declined coverage due to health status or claims experience or currently enrolled in an individual health insurance benefit plan that is substantially similar to the guarantee issue plans, but at a higher premium rate.
	Enrollment	In April 2004, 44 small-group plans were reinsured.	In March 2004, 1,358 individuals
Structure	Health Benefit Package	Guaranteed issue of 3 designs (basic, standard, and catastrophic) defined in Idaho's Small Employer Health Insurance Availability Act.	<ul style="list-style-type: none"> • All insurers in the individual market must offer the 5 guaranteed issue products. • Premiums are set at 125-150% of the rates applicable to standard risk.
	Reinsurance	<ul style="list-style-type: none"> • Excess-of-loss coverage of 90% of claims over \$13,000 plus 90% of the next \$12,000 (basic), \$87,000 (standard) or \$130,000 (catastrophic). Above those amounts, the pool covers maximums of \$25,000 (basic), \$100,000 (standard) or \$200,000 (catastrophic). • The insurer may purchase reinsurance for an individual, a dependent or the entire group within 60 days of issuing coverage. 	Excess-of-loss coverage of 90% of claims between \$5,000 and \$30,000 and 100% of claims over \$30,000.
	Administration	The pool is administered by a board including insurers, consumers and legislators.	Administered by the Idaho Department of Insurance.
Fundi	Funding	<ul style="list-style-type: none"> • Funded through reinsurance premiums and an assessment on all health insurers in the state. • Total funding in 2003 was \$538,062. 	Funded by premiums, a portion of the state's premium tax, and an assessment on insurers in the individual market.
	Subsidy	No subsidy.	No subsidy.
	High-risk pool?	No.	Yes.
	Outcome	Since being established in 1994, has been used as a model for other states considering reinsurance pools.	Implemented in 2001.

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		MASSACHUSETTS SMALL GROUP REINSURANCE PLAN	MASSACHUSETTS NONGROUP REINSURANCE PLAN
	Goal		Designed to support guaranteed issue of individual coverage regardless of health status.
Population	Target	Small employers (<50), sole proprietors and their partners and dependents.	Individuals enrolled in guaranteed issue nongroup health plans.
	Eligibility Requirements	<ul style="list-style-type: none"> • Enrollees must be self-employed or must work at least 30 hours/wk. for 5 months. • Only commercial plans may reinsure – HMOs are excluded from the small group plan. 	
	Enrollment	In October 2004, 13 individuals in 8 plans.	In October 2001, 3 individuals were enrolled.
Structure	Health Benefit Package	Small group insurers covering at least 5,000 persons are required to guarantee-issue at least one state-approved insurance product with modified community rating.	Small group insurers covering at least 5,000 persons are required to guarantee-issue at least one state-approved insurance product with modified community rating.
	Reinsurance	<ul style="list-style-type: none"> • Excess-of-loss coverage of 90% of claims between \$5,000 and \$55,000 and 100% of claims over \$55,000. • The insurer may purchase reinsurance for an individual, a dependent or the entire group within 60 days of issuing coverage if the insurer has enrolled 75% of eligible employees in the small group plan. • Reinsurance premiums range between \$800-\$1,000 per member per month. 	<ul style="list-style-type: none"> • Excess-of-loss coverage of 90% of claims between \$10,000 and \$50,000 and 100% of claims over \$50,000. • The insurer may purchase reinsurance for an individual within 60 days of issuing coverage. • Reinsurance premiums range between \$4,000 and \$7,800 per member per month.
	Administration	Administered by a governing committee representing small group health insurers appointed by the governor.	Administered by a governing committee representing nongroup health insurers appointed by the governor.
Funding	Funding	Funded through reinsurance premiums. Law allows for an assessment on all insurers of up to 1% of earned premiums but reinsurance premiums have been set sufficiently high to avoid assessments.	Funded through reinsurance premiums. Law allows for an assessment on all insurers, including HMOs, of up to 1% of earned premiums but reinsurance premiums have been set sufficiently high to avoid assessments.
	Subsidy	No subsidy.	No subsidy.
	High-risk pool?	No.	Yes.
	Outcome	In operation since 1992, the very low participation is attributed to the exclusion of HMOs and high reinsurance premiums which are set to avoid insurer assessments.	Established in 2001, the very low participation is attributed to high reinsurance premiums which are set to avoid insurer assessments.